



Dodge County Wisconsin

Dodge County Investment Policy
Policies and Procedures

Policy No.
Page

FIN 4.00
1 of 6

INVESTMENT POLICY

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Table of Contents

1.0 Governing Authority 3

2.0 SCOPE..... 3

3.0 GENERAL OBJECTIVES 3

 3.1 Safety 3

 3.2 Liquidity..... 4

 3.3 Yield/Goals 4

4.0 Standards of Care..... 4

 4.1 Prudence 4

 4.2 Ethics and Conflict of Interest..... 5

 4.3 Delegation of Authority/Investment Officers 5

 4.4 Authorized and Stable Investments..... 5

5.0 Internal Controls 5

6.0 Investment Parameters 6

 6.1 Diversification 6

7.0 Reporting 6

8.0 Pooling of Cash..... 6

9.0 Adoption and Approval..... 6

10.0 Definitions..... 6

Dodge County Policies	INVESTMENT POLICY	Policy No. FIN 4.00 Page: 3 of 6
-----------------------	--------------------------	--

1.0 Governing Authority

This document outlines the investment policies and practices of Dodge County (County) and has been developed to serve as the reference point for the management of assets. It is the policy of Dodge County to invest public funds in a manner, which will provide the highest investment return with minimum risk while meeting the daily cash flow demands of Dodge County. This Investment Policy and related investment program shall be operated in conformance with federal, state and local regulations and legal requirements governing the investment of public funds.

2.0 SCOPE

This policy applies to those funds that are under the authority of the Dodge County Treasurer (Treasurer). Financial assets of all other funds may be administered in accordance with this Policy, but are not required to.

3.0 GENERAL OBJECTIVES

3.1 Safety

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in individual investments and the overall portfolio. To insure that investments are properly secured through Federal Deposit Insurance Corporation (FDIC), the National Credit Union Share Insurance Fund (NCUSIF), state deposit fund, surety bonds or through collateralization by sound U.S. government securities. The objective will be to mitigate credit risk, interest rate risk and custodial risk.

3.1.1 Credit Risk

The Dodge County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603.
- The Dodge County Finance Committee (Finance Committee) shall approve the public depositories that are deemed appropriate for use under Wisconsin and Federal law.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

3.1.2 Interest Rate Risk

Dodge County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

3.1.3 Custodial Risk

Dodge County will minimize custodial risk, which is the risk that in the event of a financial institution failure, Dodge County deposits may not be returned, by:

- All public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services must supply as appropriate or upon request, audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Investments shall be purchased in the name of Dodge County.

Dodge County Policies	INVESTMENT POLICY	Policy No. FIN 4.00 Page: 4 of 6
-----------------------	--------------------------	--

3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Investment portfolios will be structured so that securities mature concurrent with cash needs to meet anticipated demands. Alternatively, a portion of any portfolio may be placed in money market mutual funds or local government investment pools authorized and permissible under Wisconsin statutes, which offer same-day liquidity for short-term funds.

3.3 Yield/Goals

Investment portfolios shall be designed with the objective of attempting to attain a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit quality may be sold prior to maturity to minimize loss of principal.
- Liquidity needs of Dodge County require a security or securities are sold prior to maturity.

With the exception of cash accounts, all investments may be selected on the basis of competitive quotations by contacting at least two institutions when deemed appropriate by the Treasurer, the Dodge County Chief Deputy Treasurer (Chief Deputy Treasurer) or those individuals designated by the Finance Committee.

4.0 Standards of Care

4.1 Prudence

The standard of prudence to be used by investment officers shall be the “prudent person” standard, which states “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived” and shall be applied in the context of managing an overall portfolio.

Investment officers acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Notwithstanding any other provision of law, the Treasurer (or other authorized investment officer in the absence of the Treasurer) who deposits public money in any authorized public depository, in compliance with Wisconsin statutes sec. 34.05 is, under the provisions of Wisconsin statutes sec. 34.06, relieved of any liability for any loss of public monies which results from the failure of any public depository to repay the public depositor the full amount of its deposits, thus causing a loss as defined in Wisconsin Statutes sec. 34.01(2).

In accordance with Wisconsin statutes 34.08 (2) Payment of losses “shall be made in the order in which satisfactory proofs of loss are received by the division of banking. The payment made to any public depositor for all losses of the public depositor in any individual public depository may not exceed \$400,000 above the amount of deposit insurance provided by an agency of the United States at the public depository that experienced the loss.

Dodge County Policies	INVESTMENT POLICY	Policy No. FIN 4.00 Page: 5 of 6
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4.2 Ethics and Conflict of Interest

Dodge County investment officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Dodge County. Dodge County employees shall perform their duties in a manner that avoids even the appearance of a conflict of interest and shall comply with Policy #305 Ethics-Dodge County Personnel Policies and Procedures.

4.3 Delegation of Authority/Investment Officers

Management and administrative responsibility for the investment program of Dodge County is entrusted to the Treasurer under the directions of the Finance Committee. Individuals authorized to engage in investment transactions on behalf of Dodge County are the Treasurer, the Chief Deputy Treasurer or those individuals designated by the Finance Committee.

4.4 Authorized and Stable Investments

Authorized investments include any investment stipulated in Wisconsin statute 66.0603 (1m).

- a) In accordance with Wisconsin statutes 34.01 (5) and 34.09 all Wisconsin banks, state or federal chartered, as well as the Wisconsin local government pooled- investment fund, are authorized depositories.
- b) If it is the best interest of the County, the Finance Committee leaves an option open to invest excess County funds internally as an investment option, in lieu of external borrowing. This type of investment must be approved by the entire Finance Committee.
- c) If it is the best interest of the County, the Finance Committee leaves an option open to invest excess County funds to other governmental entities. This type of investment must be approved by the entire Finance Committee.

5.0 Internal Controls

The Treasurer shall establish a system of internal controls designed to prevent losses of County funds arising from fraud, misrepresentation by third parties, unanticipated changes in financial markets, employee error or imprudent actions by employees.

Internal controls shall address:

- Separation of transaction authority from accounting and record keeping.
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.
- A wire transfer agreement with the lead bank and/or third party.
- Investment and interest earnings will be recorded in the Dodge County general ledger records based on Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) procedures.
- A monthly summary of all investment transactions will be prepared by the Treasurer for review by the Finance Committee.
- The general ledger summarizes the value of the investments and the Treasurer maintains support documentation with details of individual investments.

Dodge County Policies	INVESTMENT POLICY	Policy No. FIN 4.00 Page: 6 of 6
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6.0 Investment Parameters

6.1 Diversification

Investments shall be diversified by:

- Diversifying investments to avoid over concentration in securities from a specific issuer, industry or business sector, excluding U.S. Treasury obligations.
- Investing in securities with varying maturities.
- Continuously investing a portion of the investment portfolio in readily available funds such as local government investment pools, money market accounts or money market mutual funds permissible under state statute.

7.0 Reporting

The Treasurer shall present a monthly report on the investment program and investment activity to the Finance Committee. The report shall include a management summary displaying the status of the investment portfolio and transactions made over the previous month. The management summary shall be prepared in a manner that will allow the Finance Committee to determine if investment activities during the reporting period conform to this Investment Policy.

8.0 Pooling of Cash

Except where otherwise provided by the Finance Committee, the Treasurer is authorized to pool the cash of various funds to maximize investment earnings where it is advantageous and prudent to do so. Investment income will be allocated to the various funds based on the pro rata portion of each fund. Interest on pro rata portion will be calculated using the monthly State of Wisconsin Local Government Investment Pool rate. Examples include but not limited to Economic Development Loan Fund (EDL) and Federal Forfeitures Asset Fund.

9.0 Adoption and Approval

The Investment Policy shall be formally approved and adopted by the Finance Committee and reviewed as needed, but at least every even numbered year.

10.0 Definitions

Once the entire policies and procedures body is complete, definitions will be kept together in a glossary.

Authorized Personnel: The employees of the Dodge County Treasurer's office such as Dodge County Chief Deputy Treasurer and Dodge County Deputy Treasurers

Fund: Noun: A sum of money saved or made available for a particular purpose.
Verb: Provide with money for a particular purpose.

General Ledger: Oracle software and Tyler Technologies.

Investment Officers: Dodge County Treasurer and the Dodge County Finance Committee Chairman.